

REMARKS

Claims 1 - 14 are pending in the present application. Reconsideration of the application is respectfully requested.

In the Office Action, claims 1 – 14 are rejected under 35 U.S.C. 103(a) as being unpatentable over and article by Kwon et al. (hereinafter “the Kwon et al. article”) in view of U.S. Patent No. 5,696,907 to Tom (hereinafter “the Tom patent”) and Official Notice. Applicant is traversing this rejection.

Claim 1 provides for a system that includes (i) a component that performs an evaluation of how closely a profile of a business under inquiry matches those of businesses already confirmed as higher risk, (ii) a component that produces a score based on results of the evaluation, wherein said score is indicative of a likelihood that said business under inquiry may be involved in questionable activity, and (iii) a component that uses the score in a determination of credit-worthiness of the business under inquiry.

The Kwon et al. article describes a study involving a multilayered perceptron (MLP) neural network, in order to determine the efficacy of a particular set of “red flags” in predicting targets of Securities and Exchange Commission (SEC) investigation of fraudulent financial reporting (page 1268, right column, first full paragraph). The firms used in the study were classified into one of two groups, i.e., (1) a treatment group that consists of firms that were investigated by the SEC, and (2) a control group that consists of firms that were not investigated (page 1287, left column, first paragraph under the heading “METHODOLOGY”). For a learning algorithm, the neural network employed a backpropagation algorithm (page 1287, right column, first full paragraph under the heading “Neural-Network Architecture”).

Whereas the Kwon et al. article specifically studied the use of MLP to determine the efficacy of a particular set of “red flags” in predicting the targets, it limited its evaluation to firms having a known status, i.e., investigated or not investigated. The Kwon et al. article does not appear to discuss an

evaluation of a firm having an unknown status, and so, does not appear to discuss an evaluation of a profile of a business under inquiry. Thus, the Kwon et al. article does not disclose (i) a component that performs an evaluation of how closely a profile of a **business under inquiry** matches those of businesses already confirmed as higher risk, and (ii) a component that produces a score based on results of the evaluation, wherein said score is indicative of a likelihood that **the business under inquiry** may be involved in questionable activity, as recited in claim 1.

The Tom patent is directed toward a system for performing risk and credit analysis of financial service applications with a neural network (Abstract). The neural network imitates a credit manager's evaluation and decision process, and is "optimized by a non-iterative regression process, as opposed to the computationally intensive back propagation algorithm" (Abstract).

Whereas the Tom patent specifically describes a neural network that imitates a credit manager's evaluation and decision process, it does not disclose (i) a component that performs an evaluation of how closely a profile of a business under inquiry matches those of businesses already confirmed as higher risk, and (ii) a component that produces a score based on results of the evaluation, wherein said score is indicative of a likelihood that the business under inquiry may be involved in questionable activity. thus, the Tom patent does not make up for the deficiency of the Kwon et al. publication as it relates to claim 1.

Additionally, whereas the Tom patent specifically teaches that the neural network imitates a credit manager's evaluation and decision process, a modification of the neural network of the Tom patent to produce a score that is used in a determination of credit-worthiness, as recited in claim 1, would obviate the operation of the neural network of the Tom patent. As such, **the Tom patent cannot be employed in a section 103(a) rejection** of claim 1.

Moreover, whereas the neural network in the Kwon et al. article employs a backpropagation algorithm, and whereas the neural network in the Tom patent specifically employs a non-iterative regression process, as opposed to the back propagation algorithm, the teachings of the Kwon et al. article and the Tom patent arguably conflict with one another, and so, a combination of the neural

networks would apparently require a change in the principle of operation of at least one of the neural networks. As such, the cited combination of the Kwon et al. article and the Tom patent **does not appear to be suitable for a section 103(a) rejection** of claim 1.

The Office Action, at the bottom of page 3, recognizes that the Kwon et al. article does not explicitly teach using a score (based on an evaluation by a neural network) in calculating a credit score, but the Office Action then asserts that it is old and well known in the art of credit scoring to use neural networks to look for questionable activity to lower a credit score. Applicant respectfully disagrees.

As noted above, in the Kwon et al. article the neural network is used to determine the efficacy of a particular set of “red flags” in predicting the targets, and in the Tom patent the neural network imitates a credit manager’s evaluation and decision process. Neither of these references, nor any other reference of which Applicant is aware discloses or suggests that it is well known to use a combination of using a **neural network to produce a score** that is indicative of a likelihood that a business under inquiry may be involved in questionable behavior, and thereafter, **using the score in a determination of credit-worthiness** of the business under inquiry, as recited in claim 1.

Applicant is respectfully requesting that if the Office maintains that it is well known to use a neural network to look for questionable activity to lower a credit score, that the Office **please provide a publication that discloses this feature**.

For the several reasons provided above, Applicant submits that claim 1 is patentable over the cited combination of the Kwon et al. article, the Tom patent, and Official Notice.

Claims 2 – 8 depend from claim 1. By virtue of this dependence, claims 2 – 8 are also patentable over the cited combination of the Kwon et al. article, the Tom patent, and Official Notice.

Claim 9 includes a recital similar to that of claim 1, described above. Thus, claim 9, for reasoning similar to that provided in support of claim 1, is patentable over the cited combination of the Kwon et al. article, the Tom patent, and Official Notice.

Claims 10 – 14 depend from claim 9. By virtue of this dependence, claims 10 - 14 are also patentable over the cited combination of the Kwon et al. article, the Tom patent, and Official Notice.

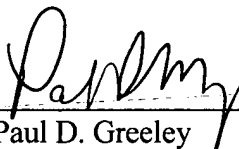
Applicant respectfully requests reconsideration and withdrawal of the section 103(a) rejection of claims 1 – 14.

In view of the foregoing, Applicant respectfully submits that all claims presented in this application patentably distinguish over the prior art. Accordingly, Applicant respectfully requests favorable consideration and that this application be passed to allowance.

Respectfully submitted,

Date

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Paul D. Greeley
Reg. No. 31,019
Attorney for the Applicant
Ohlandt, Greeley, Ruggiero & Perle, L.L.P.
One Landmark Square, 10th Floor
Stamford, CT 06901-2682
Tel: 203-327-4500
Fax: 203-327-6401